

Message Text

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TO SECSTATE WASHDC 2602

INFO AMCONSUL BARCELONA

AMCONSUL SEVILLE

AMCONSUL BILBAO

UNCLAS SECTION 1 OF 2 MADRID 5321

E.O. 11652: N/A

TAGS: BEXP, BFOL, SP

SUBJECT: FY 75 COUNTRY COMMERCIAL PROGRAM (CCP): FINAL REPORT

REF: MADRID 1616, 3/10/75; AND 6915, 11/5/74

1. FOLLOWING IS ANNUAL SUMMARY OF ACCOMPLISHMENT AND
EVALUATION OF SPAIN'S FIRST CCP.

A. CAMPAIGN ONE:

1. IN ADDITION TO BACKSTOPPING OF USTC PARIS OCTOBER
BIOMEDICAL EQUIPMENT EXHIBITION AND AMERICAN HEALTH CONGRESS
HELD AT CHICAGO LAST AUGUST, TOPS COVERING 81 PRODUCTS WERE
SUBMITTED. SEVEN ADS WERE PROCESSED AND A TOTAL OF 25
INTERESTED FIRMS WERE REPORTED. THE FIRM, CORATOMIC, INC.,
INDIANA,PENNSYLVANIA (SEE OUR T-4607) FOLLOWED UP THE VISIT
OF ITS PRESIDENT EARLIER IN THE YEAR WITH THE VISIT OF ITS
LEGAL COUNSEL, HYMEN DIAMOND, WHO WAS PROGRAMMED FOR A WEEK
TO SEE LEADING CARDIOLOGISTS AND AGENCY/DISTRIBUTOR CANDI-
DATES FOR THIS FIRM'S NUCLEAR PACEMAKER. MR. DIAMOND HAS
REPORTED NEGOTIATIONS UNDERWAY WITH 3 FIRMS TO REPRESENT
CORATOMIC IN SPAIN TO SERVICE A MARKET POTENTIAL, ESTIMATED
BY MR. PURDY, AT OVER \$600,000 (120 PACEMAKERS).

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B. CAMPAIGN TWO:

1. MISSION DEVELOPED MAILING LISTS AND CONTACTED KEY SPANISH END-USER AND REPRESENTATIONAL FIRMS FOR PARIS AND MILAN USTC EXHIBITIONS AS WELL AS FOR NATIONAL COMPUTER CONFERENCE AND EXPOSITION, ANAHEIM, CALIFORNIA, MAY 19-22. WE ALSO UNDERTOOK DIRECT MAIL AND PRESS CAMPAIGNS ON BEHALF USTC LONDON AND MILAN FEATURING DATA TRANSMISSION EQUIPMENT AND INDUSTRIAL PROCESS CONTROLS, RESPECTIVELY, AND THE FOREIGN BUYERS PROGRAM FOR MAJOR US EXHIBITION, WESCON, HELD IN LOS ANGELES. NINE TOPS WERE SUBMITTED, WHILE 7 ADS REQUESTS WERE PROCESSED WITH 12 INTERESTED LOCAL FIRMS REPORTED. MADRID'S A-185, SEPTEMBER 23, 1974 AND A-105, APRIL 29, 1975 REPORTED NEW DEVELOPMENTS IN THE ELECTRONICS INDUSTRIES DECLARED BY GOS TO BE OF PREFERENTIAL INTEREST; SPERRY RAND IS STILL AWAITING GOS APPROVAL FOR ITS PROPOSED JOINT VENTURE WITH THE INSTITUTO NACIONAL DE INDUSTRIA (INI) FOR ITS INITIAL ASSEMBLY AND THEN PRODUCTION FACILITY. EMBASSY ASSISTED E. JELEN, GENERAL MANAGER, DATA 100 EUROPE, IN ESTABLISHING NEW COMPANY TO SERVICE SPANISH MARKET. FIRST YEAR ORDERS OF THIS FIRM SHOULD TOTAL \$650,000.

C. CAMPAIGN THREE:

A DIRECT MAIL, BLUE RIBBON AND PRESS CAMPAIGN WAS UNDERTAKEN ON BEHALF OF THE USTC FRANKFURT MATERIALS HANDLING EXHIBITION AND THE MAJOR US EXHIBITIONS CONEXPO, CHICAGO, FEBRUARY 9-14 AND PEM, CHICAGO, MAY 5-8. OVER 600 SPANISH BUSINESS VISITORS WERE REGISTERED AT CONEXPO AND TWA WAS ABLE TO ARRANGE GROUP TRAVEL FOR THIS SHOW BASED UPON BROCHURES AND MATERIALS PROVIDED BY THE EMBASSY. FIFTEEN TOPS WERE SUBMITTED AND 4 ADS REQUESTED WERE PROCESSED WITH 11 INTERESTED LOCAL FIRMS REPORTED. THE INTEREST IN THE SPANISH FIRM, EQUIPOS NUCLEARES, S.A., IN PURCHASING \$1 MILLION WORTH OF POSITIONING EQUIPMENT WAS REPORTED IN MADRID'S A-26, 2/12/75. MADRID AND BARCELONA ALSO ARRANGED DEMONSTRATIONS IN MADRID, ZARAGOZA AND BARCELONA FOR MUNDO INTERNATIONAL INC. ATLANTA, GEORGIA, WHICH NAMED A SPANISH AGENT, TOOK ORDERS FOR \$72,000, AND WILL HAVE ITS PRODUCTS DISPLAYED AT FICOP, A LEADING TRADE FAIR TO BE HELD IN OCTOBER THIS YEAR IN MADRID (SEE MADRID'S UNCLASSIFIED

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A-142, 6/23/75).

D. CAMPAING FOUR:

THE US ELECTRONICS TRADE MISSION VISITS TO BARCELONA AND MADRID WERE HIGHLY SUCCESSFUL WITHALL BUT ONE MISSION MEMBER ACHIEVING THEIR PRIMARY OBJECTIVES. ONE AGENT/ DISTRIBUTOR APPOINTED, FIRST YEAR SALES ESTIMATED AT \$1.5

MILLION AND FIVE NTM FIRMS INTRODUCED. DIRECT MAIL, BLUE RIBBON CALLS AND PRESS CAMPAIGNS WERE UNDERTAKEN ON BEHALF OF MICROWAVE TECHNOLOGY AND LASER/ELECTRO-OPTICS EXHIBITIONS AT USTC PARIS, ADVANCED ELECTRONIC COMPONENTS EXHIBITION AT USTC MILAN, AND ELECTRONIC PRODUCTION/TEST EQUIPMENT AND TELECOMMUNICATIONS SYSTEMS EXHIBITIONS AT USTC LONDON. TOPS SUBMITTED ON 175 ITEMS AND SEVEN ADS RECEIVED TEN RESPONSES FROM INTERESTED PARTIES. CAMPAIGN MANAGER ASSISTED A.FRIEDMAN, SOUTHERN EUROPEAN DIRECTOR,PLANTRONICS INC., TO APPOINT NEW DISTRIBUTOR IN SPAIN. EXPECTED FIRST YEAR SALES OF \$500,000. POST REPORTED JOINT VENTURE ARRANGEMENT SOUGHT BY SPANISH FIRM PAYMA,S.A. FOR PROFESSIONAL ELECTRONIC EQUIPMENT (MADRID A-141, 23 JUNE 75). US INDUSTRY ALERTED TO GOS PREFERENTIAL INTEREST FOR PROFESSIONAL ELECTRONICS INDUSTRY VIA MADRID'S A-185 (23 SEPT. 74). EMBASSY SUBMITTED PROFILE OF SPANISH APPLIANCE INDUSTRY (MADRID A-67, 24 MAR. 75).

CAMPAIGN FIVE:

AFTER EXTENSIVE PREPARATION - OBTAINING SUITABLE FACILITIES, PREPARING END-USER MAILING LISTS, ETC. - BY EMBASSY MADRID AND CONSULATE BILBAO, TECHNICAL SALES SEMINAR SCHEDULED FOR JUNE 1975 POSTPONED AND THEN CANCELLED BY COMMERCE. ADVANCE WORK WILL BE USEFUL FOR TYPE IV SHOW WITH THIS THEME SCHEDULED IN FY 76 CCP. EMBASSY CONDUCTED PRESS AND LIMITED DIRECT CONTACT CAMPAIGN ON BEHALF INTERNATIONAL MACHINE TOOL EXHIBITION HELD CHICAO, SEPT. 4-13. POST REPORTED (MADRID 7566, 3 DEC. 1974) GENERAL ELECTRICA ESPANOLA'S IMMEDIATE NEED FOR VERY LARGE, NUMERICALLY CONTROLLED HORIZONTAL DRILL VALUED AT ABOUT \$1 MILLION. THERE WERE 11 ADS PROCESSED WITH 33 INTERESTED REPLIES AND 31 TOPS SUBMITTED.

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F. CAMPAIGN SIX:

IN-STORE PROMOTION IN GALERIAS PRECIADOS (14 STORES) PROVED A RESOUNDING SUCCESS. SOME \$2 MILLION (F.O.B. US) WORTH OF MERCHANDISE WAS ORDERED, OF WHICH \$1.5 MILLION WAS SOLD DURING THE ISP ITSELF. VIRTUALLY ALL PRODUCTS ORDERED WERE NEW TO STORE. EXCELLENT COOPERATION FROM USIS MADRID IN OBTAINING A MOON ROCK DISPLAY,PAPER SHOWS, A US MILITARY COMBO FROM GERMANY, A MULTI-SLIDE PROJECTOR

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PRESENTATION ABOUT THE US SPACE PROGRAM WAS A VITAL FACTOR IN PROMOTION'S SUCCESS. A DIRECT CALL, MAILINGS AND PRESS CAMPAIGN WERE UNDERTAKEN ON BEHALF OF THE NATIONAL HOUSEWARES EXPOSITION, CHICAGO, JANUARY 13-17, 1975 AND THE NATIONAL HARDWARE SHOW, NYC, AUGUST 26-29, 1974. A SIMILAR INTENSIVE CAMPAIGN WAS EXECUTED FOR THE US READY TO WEAR EXHIBITION, PARIS, OCTOBER 19-24. PARIS TELEGRAM 25470 LISTS SPAIN AS ONE OF THE COUNTRIES FOR WHICH US EXHIBITORS REPORTED SALES AND AGENT CONTACTS. A SURVEY OF MARKET POTENTIAL FOR US CONSUMER GOODS WAS SUBMITTED (MADRID A-216.) TOPS COVERING 220 PRODUCT ITEMS AND 12 ADS REQUESTS WERE PROCESSED WITH 31 INTERESTED LOCAL FIRMS REPORTED. A LICENSING OPPORTUNITY FOR 7-ELEVEN STORES WAS WIDELY PUBLICIZED AND 3 INTERESTED SPANISH ORGANIZATIONS WERE REPORTED (MADRID'S A-107 AND A-128). CAMPAIGN MANAGER REINFORCED CONTACTS WITH SEARS ESPANA RE POSSIBLE ISP DURING FY 77.

G. CAMPAIGN SEVEN:

CITRUS INDUSTRY TRADE MISSION CANCELLED BY COMMERCE. CAMPAIGN MANAGER HAD SUBMITTED MARKET INFORMATION REPORT WITH BUYER UNIVERSE FOR COMMERCE'S USE IN RECRUITING MISSION MEMBERS AND HAD VISITED CONTACTS IN VALENCIA TO SECURE FACILITIES FOR MISSION'S USE. ONE MEMBER OF
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CANCELLED MISSION, R.DITTO OF DAVIS INDUSTRIES, DID COME TO SPAIN ON HIS OWN TO VISIT COMPANIES AND BUSINESS ASSOCIATIONS IN VALENCIA ARRANGED BY CAMPAIGN MANAGER. DITTO ESTIMATED FIRST YEAR SALES AT \$500,000. TOPS ON 28 ITEMS WERE SUBMITTED AND ONE ADS RECEIVED SEVEN REPLIES. GMR: FOOD PROCESSING AND PACKAGING EQUIPMENT COMPLETED. MADRID'S A-235 (11 DEC.74) REPORTED GOS ACCORDING PREFERENTIAL INTEREST TO FOOD PROCESSING INDUSTRY; A-201 GAVE LIST OF PRINCIPAL POTENTIAL AGENTS/DISTRIBUTORS FOR FOOD PROCESSING EQUIPMENT; AND A-186 (25 SEPT. 74) PRESENTED DETAILS ABOUT SPAIN'S NEW FOOD CODE; ALL OF DEFINITE INTEREST TO APPROPRIATE US FIRMS.

H. CAMPAIGN EIGHT:

BARCELONA'S T-262, APRIL 24, REPORTED THE FOLLOWING IMPRESSIVE RESULTS OF THE TYPE IV EXHIBITION AT THE AUTOMOTIVE SALON: FLOOR SALES, \$403,200; PROJECTED FIRST YEAR SALES, \$3,032,000; 3 AGENTS/DISTRIBUTORS APPOINTED AND 9 MORE UNDER NEGOTIATION; A TOTAL OF 1288 SALES LEADS; ALL 10 US EXHIBITORS REPORTED FULL ACHIEVEMENT OF THEIR PRIMARY MARKETING OBJECTIVE. THE MISSION ALSO SUBMITTED TOPS COVERING 41 PRODUCT ITEMS AND 3 ADS REQUEST WERE PROCESSED WITH 18 INTERESTED LOCAL FIRMS REPORTED. CERP REPORTS ON AUTOMOTIVE INDUSTRY WERE SUBMITTED TO THE DEPARTMENT.

I. CAMPAIGN NINE:

THE FOLLOWING REPRESENT THE MORE SUBSTANTIAL MAJOR PROJECT/PRODUCT OPPORTUNITIES REPORTED BY THE MISSION:

1. DOW CHEMICAL (SEE MADRID T-1052 AND A-33) PROPOSAL FOR A PETRO-CHEMICAL PROJECT IN HUELVA INVOLVING AN ESTIMATED INVESTMENT OF \$700 MILLION RECEIVED GOS APPROVAL. PRESIDENT OF DOW IBERICA STILL TO PROVIDE LIST OF EQUIPMENT TO BE IMPORTED SO THAT EMBASSY CAN ALERT DEPARTMENT.
2. MADRID'S T-630, JANUARY 29, ALERTED DEPARTMENT TO CITY OF VALENCIA'S INTEREST IN PURCHASING US EQUIPMENT FOR AN INCINERATOR/ENERGY PRODUCTION UTILIZING GARBAGE AND RUBBISH. ESTIMATE OF PROJECT BETWEEN \$18 AND \$27 MILLION. VALENCIA UNCLASSIFIED

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STILL CONSIDERING TECHNICAL INFORMATION PROVIDED BY WASHINGTON.

3. MADRID'S T-199, JANUARY 13, ALERTED WASHINGTON TO THE INTEREST OF GOS MINISTRY OF PUBLIC WORKS IN PURCHASING MONITORING EQUIPMENT INVOLVING "SIGNIFICANT SUM" FROM 2 POSSIBLE US SUPPLIERS.

4. THE EMBASSY ASSISTED PHILCO-FORD IN OVERCOMING GOS OBSTACLES TO THE US FIRM'S EFFORTS TO CONSUMMATE A MULTI-MILLION DOLLAR AIR DEFENSE EQUIPMENT SALES TO SPANISH MILITARY.

5. MADRID'S A-172, SEPTEMBER 5, ALERTED US SUPPLIERS REGARDING THE GOS PROPOSAL TO HAVE CONSTRUCTED A NON-INTEGRAL, NON-SPECIAL STEEL PLANT (300,000 TONS OF ELECTRICAL STEEL PER YEAR CAPACITY) IN GALICIA.

6. MADRID'S A-26, FEBRUARY 12 REPORTED THE INTEREST OF THE FIRM, EQUIPOS NUCLEARES, S.A., IN PURCHASING \$1 MILLION WORTH OF POSITIONING AND WELDING EQUIPMENT.

7. MADRID'S A-53, MARCH 3, REPORTED ON THE INTRODUCTION OF CABLE TELEVISION INITIALLY IN MADRID AND BARCELONA FOR THE INFORMATION OF POTENTIAL US SUPPLIERS OF EQUIPMENT.

8. US SUPPLIERS OF EQUIPMENT FOR ELECTRIC POWER PLANTS WERE ALERTED THROUGH MADRID'S A-45, FEBRUARY 25, OF THE GOS CONCERTED ACTION PROGRAM WITH SPANISH UTILITIES FOR THE CONSTRUCTION OF NEW OR EXPANSION OF EXISTING POWER PLANTS.

9. MADRID'S A-161, AUGUST 13, REPORTED ON THE GOS PALN FOR EXPANSION OF PRODUCTION CAPACITY OF 8 OF SPAIN'S 9 EXISTING PETROLEUM REFINING PLANTS. AMOUNT OF EQUIPMENT TO BE IMPORTED NOT YET DETERMINED.

10. THE FORS AUTOMOTIVE PROJECT NEAR VALENCIA IS PROCEEDING ON SCHEDULE BUT THIS FAR NO LIST OF EQUIPMENT O BE IMPORTED HAS BEEN PROVIDED BY THE FORD ESPANA MANAGEMENT.

11. THE EMBASSY IS STILL AWAITING A LISTING OF THE EQUIPMENT TO BE IMPORTED BY ENDASA (SEE OUR A-233, DECEMBER 6 UNCLASSIFIED

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AND A-67, MARCH 19, 1974) FOR ITS ESTIMATED OVER \$500 MILLION SMELTER AND ALUMINUM PLANT TO BE CONSTRUCTED IN LUGO, IN GALICIA.

12. AMONG THE DEVELOPMENTS DESCRIBED IN MADRID'S A-90, APRIL 25, ON SPAIN'S IRON AND STEEL PLAN WAS THE LARGE SAGUNTO INTEGRATED STEEL PROJECT BEING UNDERTAKEN BY SPAIN'S LARGEST PRIVATELY OWNED STEEL COMPANY, IN WHICH US STEEL HAS A 25 PERCENT OWNERSHIP. THIS PROJECT INVOLVES AN ESTIMATED COST OF \$2.8 BILLION OVER THE NEXT TEN YEARS.

13. AMCONSUL BILBAO'S A-11, NOVEMBER 12 PRESENTED DETAILS ABOUT TWO NUCLEAR POWER PLANTS IN NORTHERN SPAIN FOR THE

INFORMATION OF US SUPPLIERS.

14. ANOTHER ALERT REGARDING A MAJOR PROJECT IN THE CITY OF BILBAO INVOLVING A HOSPITAL PROJECT WITH AN ESTIMATED COST OF \$35 MILLION WAS PRESENTED IN BILBAO'S A-12, DECEMBER 6.

15. A COMPREHENSIVE DESCRIPTION OF HIGHWAY PROJECTS IN NORTHERN SPAIN WAS REPORTED IN BILBAO'S A-13, DECEMBER 16.

16. THE \$200 MILLION MODERNIZATION OF THE INI COMPANY, EMPRESA NACIONAL SIDERURGICA, S.A. (ENSIDESA), WAS REPORTED VIA BILBAO'S A-2, JANUARY 17, 1975.

2. WE BELIEVE FIRST CCP FOR SPAIN PRODUCED GRATIFYING RESULTS. OF COURSE, MORE MEASURABLE RESULTS ARE OBTAINED WHEN CAMPAIGNS INVOLVE SPECIFIC TRADE PROMOTION EVENTS SUCH AS A TRADE FAIR OR TRADE MISSION. CCP ALSO PROVED TO BE VERY GOOD VEHICLE IN PIN-POINTING PRIORITY PRODUCT CATEGORIES AND IN FACILITATING ALLOCATION OF HUMAN AND FINANCIAL RESOURCES TO ACHIEVE GIVEN GOALS. WE EXPECT FY 76 CCP TO BE AN IMPROVEMENT ON ALREADY GOOD BEGINNING. ONE ADVANTAGE IS THAT CURRENT CCP CAMPAIGNS ARE MORE RELATED TO COMPLETED MARKET RESEARCH THAN PREVIOUS.
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